State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: APRIL 22, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

FROM: DIVISION OF WATER AND WASTEWATER (GILCHRIST)
DIVISION OF LEGAL SERVICES (MCRAE)

RE: DOCKET NO. 980616-WU - REQUEST BY COUNTYWIDE UTILITY COMPANY FOR APPROVAL OF TARIFF FILING FOR NEW CUSTOMER CLASSIFICATION FOR 1" METER IN MARION COUNTY.
COUNTY: MARION COUNTY

AGENDA: MAY 4, 1999 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\980616A.RCM

CASE BACKGROUND

Countywide Utility Company (Countywide or utility) is a Class C utility located in Marion County. The utility provides water service only. Based on the 1997 annual report, at the end of year 1997, the utility had 374 customers, all residential; recorded revenues of $77,047 and expenses of $82,800, resulting in a net operating loss of $5,753.

On May 6, 1998, the utility filed for approval of a general service tariff sheet containing a new customer classification for a one-inch meter pursuant to Section 367.091, Florida Statutes. On July 16, 1998, by Order No. PSC-98-0971-FOF-WU, the Commission approved the tariff filing for a new customer classification for a one-inch meter service. Also, by this order, the utility was put on notice that the proposed declining block rate structure may not be consistent with the Commission's water conservation usage goals. The docket was held open for staff to complete its investigation of

whether it was appropriate to restructure the utility's declining block rates. The purpose of this recommendation is to explain to the Commission why staff does not believe it is appropriate to restructure the utility's rates at this time.

DISCUSSION OF ISSUES

ISSUE 1: Should Countywide Utility's rates be restructured?

RECOMMENDATION: No, Countywide's rates should not be restructured at this time. (GILCHRIST)

STAFF ANALYSIS: Pursuant to Order No. PSC-98-0971-FOF-WU, issued July 16, 1998, the utility was put on notice that the Commission would review its declining block rate structure to determine whether the rates should be restructured. The utility is currently charging the following rates:

Residential

Meter Size	Base Facility Charge
5/8" x 3/4"	$12.02

Gallonage Charge Per 1,000 gallons	
3,751 - 22,500 gallons	$ 1.68
Over 22,500 gallons	$ 0.92

General Service

Meter Size	Base Facility Charge
5/8" x 3/4"	$12.02
1"	$29.58

Gallonage Charge Per 1,000 gallons	
9,400 - 46,800 gallons	$ 1.68
Over 46,800 gallons	$ 0.92

Staff has completed its analysis and concluded that it is not appropriate to restructure the utility's rates at this time. Staff's recommendation is based on the following reasons: (1) the utility is not located in a water use caution area, therefore the Water Management District is not compelling the utility to implement a conservation-oriented rate structure; (2) based on 1997 data, water consumption for this utility is not excessive; the total average consumption is 6,526 gallons per bill, which is below the 10,000 gallon threshold that usually determines whether a more

aggressive conservation-oriented rate structure is appropriate; and (3) only 3.5% of the total number of bills were above the 10,000 gallon threshold. Based on the reasons stated above, staff recommends that the utility's declining block rate structure remain in effect and that the utility be allowed to continue charging its approved tariff rates.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed if no person, whose interests are substantially affected by the proposed action, files a protest within the 21 day protest period. (MCRAE)

STAFF ANALYSIS: Because no further action is required, this docket should be closed if no person, whose interests are substantially affected by the proposed action files a protest within the 21 day protest period.